

Message Text

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PAGE 01 ALGIER 00239 041447Z

44

ACTION AF-18

INFO OCT-01 ARA-16 EUR-25 ISO-00 NEA-11 EB-11 COME-00

TRSE-00 SCI-06 FEA-02 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 INT-08 CIEP-02 OMB-01 OPIC-12

DRC-01 /192 W

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R 041031Z FEB 74

FM USINT ALGIERS

TO SECSTATE WASHDC 0080

INFO AMEMBASSY MADRID

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY BRASILIA

AMEMBASSY WARSAW

UNCLAS ALGIERS 0239

E.O.11652: N/A

TAGS: ENRG, AG

SUBJ: MORE ALGERIAN OIL EXPLORATION CONTRACTS

REF: (-) ALGIERS 128 (NOTAL) (2) ALGIERS A-166 (NOTAL)

1. SONATRACH IS CLOSE TO OR HAS INITIALED TWO MORE AGREEMENTS
ON JOINT VENTURES FOR OIL EXPLORATION IN ALGERIA.

2. BRAZILIAN OIL COMPNAY -PETROBRAS HAS INITIALED AGREEMENT
FOR 51 -49 PERCENT JOINT VENTURE WHICH INVOLVED ABOUT DOLS 39
MILLION INVESTMENT. TRACT COVERED IS 17500 KM2 NEAR BISKAR
TERMS ARE SIMILAR FOR EXPLORATION AND PRODUCTION TO DEMINEX
CONTRACT REPORTED ALGIERS 128.

3. A SECOND GERMAN GROUP VEBA (70 PERCENT VEBA CHEMIE, 25 PERCENT
WINTERSHALL AND FIVE PERCENT UNION RHEINISHE BRAUNKOHEM KRAFTSTOFF).

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PAGE 02 ALGIER 00239 041447Z

IS ALSO CLOSE TO FINAL AGREEMENT ON DOLS. 55 MILLION EXPLORATION

JOINT VENTURE COVERING 19,700 KM2 IN FOUR SEPARATE TRACTS.

4. THIS BRINGS TO A TOTAL OF EIGHT ALGERIAN EXPLORATION JOINT VENTURES LISTED BELOW. THE TRACTS COVERED ARE USUALLY THE LESS EXPLORED AREAS AND THEREFORE NOT THE MOST PRIME AREAS. SINCE THE FOREIGN OIL COMPANIES INVESTMENT COMES FROM THE 35 CENT PER BARREL ASSESSMENT ON ALGERIAN OIL EXPORTS, THESE CONTRACTS DO TIE UP ALGERIAN OIL SUPPLIES. FOR EXAMPLE THE VEBA GROUP CLAIM THEY WILL RECEIVE 30 MILLION TONS ALGERIAN CURDE THROUGH 1977 UNDER THE ARRANGEMENT.

5. EXXON , MOBIL AND GULF ARE REPORTED TO BE NEGOTIATING SIMILAR EXPLORATION JOINT VENTURES, BUT SONATRACH OFFICIALS HAVE LATELY BECOME MORE VAGUE ON THE PROGRESS OF THESE TALKS. RECAPITULATION OF ALGERIA OIL EXPLORATION CONTRACTS INVESTMENT

(MILLIONS OF DOLS)	COMPANY	COUNTRY	AREA(KM2)
32.5	SUN OIL CO.	USA	9500
33.5	TOTAL	FRANCE	12700
33.5	HISPANOIL	SPAIN	10200
32	COPEX	POLAND	8500
103	DEMINEX	GERMANY	28500
31	ELF/ERAP	FRANCE	8500
39	PETROBRAS	BRAZIL	17500
55	VEBA	GERMANY	19700
359.5			111,600

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